GOVERNMENT OF INDIA
DISINVESTMENT
LOK SABHA

UNSTARRED QUESTION NO:239
ANSWERED ON:19.02.2003
DISINVESTMENT OF MARUTI UDYOG
T.M. SELVAGANAPATHI

Will the Minister of DISINVESTMENT be pleased to state:

(a) whether the Government propose to realise a minimum of Rs.2424 crores from disinvestment of equity in Maruti Udyog Limited over three tranches that could go upto Rs.3158 crores;

(b) if so, the details thereof;

(c) whether the Government was able to realise only a sum of Rs.11,300 through disinvestment during the last three years; and

(d) if so, the reasons therefor;

Answer

MINISTER OF COMMUNICATIONS AND INFORMATION TECHNOLOGY AND MINISTER OF DISINVESTMENT (SHF SHOURIE)

(a) & (b) In terms of the Revised Joint Venture Agreement (RJVA) entered into by Government of India with Suzuki Motor Corporation (SMC), Government had received Rs.1,000 crore from SMC as control premium without selling even a single share in Maruti Udyog Ltd. (MUL).As on date, Government of India (GOI) holds 65.80 lakh shares constituting 45.54% of the equity share capital of Maruti Udyog Ltd. The RJVA entered into by Government with SMC further provides for sale of 36.12 lakh shares held by Government in the domestic market through Offer for Sale in the first tranche. The RJVA provides for a put option by GOI to SMC at Rs.2300 per share. The minimum amount that would be realised in case GOI invokes this put option would be Rs.830.76 crore.As a part of the second tranche, Government has a right to sell the balance shares in the domestic market or call upon SMC to purchase the shares at the rate of not less than Rs.2000 per share. This provides an option to the Gove! rnment to realise not less than Rs.593.60 crore.While it would be difficult to estimate the likely realisation on account of sale of the above 65.80 lakh shares which depends on market conditions, investors` interest in MUL shares, state of the capital market, etc., Government has the option of realizing not less than Rs.2424.36 crore (including the control premium of Rs.1000 crore).

(c) Against the target of Rs.44,000 crore (1999-2000 to 2002-2003), the Government had realised till January 2003,a sum of Rs.12672.18 crore through disinvestment of PSUs.

(d) Implementation of the disinvestment programme depends on a variety of factors including market conditions, industry-wise business cycle fluctuations, interest of the prospective bidders, the adequacy of the price bid, etc. In view of this, it is not always possible to specifically predict receipts through disinvestment.